

LAW SUMMARY

FILING ENFORCEMENT, COLLECTION, AND LIEN FEES

1. Collection Cost Recovery Fee

If the Franchise Tax Board (FTB) mails a notice to a taxpayer requesting payment of tax, penalty, addition to tax, interest, or other liability which has been imposed and has not been timely paid, and that notice advises that continued failure to pay the amount due may result in collection action, including the imposition of a collection fee, a collection cost recovery fee is required to be imposed when the taxpayer then fails to pay the amount due. (Revenue and Taxation Code section 19254.)

Once properly imposed, there is no provision in the Revenue and Taxation Code which would excuse the FTB from imposing the collection cost recovery fee for any circumstances, including reasonable cause. (Revenue and Taxation Code section 19254.)

2. Filing Enforcement Cost Recovery Fee

If the FTB mails a formal legal demand for a tax return to a taxpayer, which requires that the return be filed within twenty-five (25) days, a filing enforcement cost recovery fee is required to be imposed when the taxpayer fails or refuses to file the return within the 25-day period. (Revenue and Taxation Code section 19254.)

Once properly imposed, there is no provision in the Revenue and Taxation Code which would excuse the FTB from imposing the filing enforcement cost recovery fee for any circumstances, including reasonable cause. (Revenue and Taxation Code section 19254.)

3. Out-of-State Collection Cost Recovery Fee

If the FTB mails a notice to a taxpayer who does not reside in California, requesting payment of tax, penalty, addition to tax, interest, or other liability which has been imposed and has not been timely paid, and that notice advises that continued failure to pay the amount due may result in collection action, including the imposition of a collection fee, an out-of-state collection cost recovery fee may be charged to the taxpayer when the taxpayer then fails to pay the amount due. (Revenue and Taxation Code section 19376.)

Once properly imposed, there is no provision in the Revenue and Taxation Code which would excuse the FTB from imposing the out-of-state collection cost recovery fee for any circumstances, including reasonable cause. (Revenue and Taxation Code section 19376.)

4. Lien Fee

If a taxpayer fails to pay any liability at the time that it becomes due and payable, the FTB is authorized by Revenue and Taxation Code section 19221 and Government Code sections 7174, 27361, 27361.3, and 27361.4 to secure and release liens and to charge the taxpayer for the lien fee.

Once properly imposed, there is no provision in the Revenue and Taxation Code which would excuse the FTB from imposing the lien fee for any circumstances, including reasonable cause. (Revenue and Taxation Code section 19221 and Government Code sections 7174, 27361, 27361.3, and 27361.4.)